THE INFLUENCE OF MULTIPLE LARGE INSTITUTIONAL SHAREHOLDER AND CORPORATE GOVERNANCE ON EXPROPRIATION WITH FAMILY OWNERSHIP AS MODERATING VARIABLE

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ABSTRACT

THE INFLUENCE OF MULTIPLE LARGE INSTITUTIONAL SHAREHOLDER AND CORPORATE GOVERNANCE ON EXPROPRIATION WITH FAMILY OWNERSHIP AS MODERATING VARIABLE

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The agency conflicts between the controlling shareholder and the non-controlling shareholder will lead expropriation because of the concentrated ownership structure that occurred in Indonesia. This research primarily aims to examine the effect of multiple large shareholder and corporate governance on expropriation with family ownership as moderating variable among Indonesian public companies. The population research is Indonesian public companies. Sample is selected using purposive sampling technique resulted in 97 samples. The results show that multiple large institutional shareholder and corporate governance give a negative affect to the expropriation. While, family ownership not affect to the expropriation. This study contributes to agency theory type II, conflicts between controlling and minority shareholders, which can be overcome through corporate governance.

Keywords:
Expropriation, Related Party Transaction, Multiple Large Institutional Shareholder, Corporate Governance, Family Ownership

ABSTRAK

PENGARUH MULTIPLE LARGE INSTITUTIONAL SHAREHOLDER DAN TATA KELOLA TERHADAP EKSPROPRIASI DENGAN DI MODERASI *FAMILY OWNERSHIP*

Oleh:
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Konflik keagenan yang terjadi di Indonesia antara pemegang saham pengendali dan pemegang saham non-pengendali menyebabkan terjadinya praktik ekspropriasi dikarenakan struktur kepemilikan terkonsentrasi yang terjadi di Indonesia. Penelitian ini bertujuan untuk menguji pengaruh multiple large institutional shareholder dan mekanisme tata kelola terhadap praktik ekspropriasi di perusahan publik Indonesia dengan dimoderasi kepemilikan keluarga. Populasi di dalam penelitian ini adalah perusahaan publik di Indonesia. Pemilihan sampel menggunakan teknik purposive sampling menghasilkan 97 sampel. Hasil dari penelitian ini menunjukan bahwa multiple large institutional shareholder dan tata kelola berpengaruh negative terhadap ekspropriasi. Sedangkan, kepemilikan keluarga tidak berpengaruh terhadap ekspropriasi. Penelitian ini berkontribusi pada teori agensi tipe II yang membahas konflik pemegang saham pengendali dan non-pengendali, yang dapat diatasi dengan menggunakan mekanisme tata kelola.

Kata kunci:
Ekspropriasi, Transaksi Pihak Berelasi, Multiple Large Institutional Shareholder, Tata Kelola, Family Ownership

CHAPTER I

INTRODUCTION

1.1 Background

The main objective of a company is to increase the prosperity of shareholders or company owners and maximize the value of the company. In achieving this goal, the company must be managed properly and professionally. The company shareholders usually hand over the management of the company to the management (directors) of the company because they are considered more competent and have more information about the condition of the company.

According to agency theory, managers in public companies tend to prioritize their interests, and not focus on maximizing shareholder wealth. This condition raises distrust between the two parties which triggers the presence of conflict. The conflict is later known as agency conflict (Jensen and Meckling, 1976). Agency conflict raises agency costs, which ultimately must be borne by the company's shareholders.

Agency conflicts that occur in Indonesia are different from those in America and Europe. However, Agency conflicts that occurred in the United States and Europe occurred between management and shareholders (Type I), while agency conflicts in Indonesia occurred between the majority shareholders (controlling) and minority shareholders (non-controlling) (Type II) (Villalonga & Amit 2006). This is due to differences in ownership structures. Indonesia and other Asian countries have a concentrated ownership structure, while countries in the United States and Europe are spread ownership structures. Concentrated ownership of companies results in control rights and cash flow rights on certain parties as controlling shareholders, such as families and government. This creates the potential for controlling shareholders to be further involved in managing the company (La-Porta, Silanes, and Shleifer, 1999; Shleifer and Vishny 1997) and has the possibility to transfer funds from one company to another with the aim of benefiting the controlling shareholders (Friedman, Johnson, and Mitton, 2003). Conditions like this provide a gap for controlling shareholders to carry out expropriation practices that will harm minority shareholders. One of the methods commonly used by controlling shareholders to expropriate non-controlling shareholders' wealth is through related party transactions (RPT) which can also be in the form of tunnelling. This phenomenon shows that the protection of the rights of minority shareholders is still low so that the expropriation practice is carried out by the majority shareholders.

To reduce agency conflict and agency costs can be done by, first, increasing managerial ownership. Agency problems can be reduced if the manager has share ownership, with the managerial share ownership will act cautiously because it feels directly the result of the decision taken so that managerial does not do opportunistic actions. The second is using external supervision through the use of debt. An increase in debt use will affect the composition of capital. With debt, the company is obliged to pay periodically on interest and principal debt. This can control company managers who have excess cash flow and not optimal investments. The existence of debt encourages managers to enjoy fewer and more efficient profits, with debt a warning of the risk of bankruptcy, loss of control and reputation. The next is the ownership of external shareholders (institutional investors and other Large External Shareholders) as monitoring agents. Bathala et al (1994) stated that institutional share ownership as a monitoring agent plays an important, active and consistent role in protecting stock investors of the company. Furthermore, McCornell and Servaes (1995) found that the composition of shares owned by Large External Shareholders and institutional ownership has a positive effect on firm value.

Shareholders in the company can consist of several controlling, majority and minority shareholders as well as family, institutional, government and public ownership. Concentrated ownership conditions with different structures are called Multiple Large Shareholders (MLS), which can consist of controlling shareholders and non-controlling shareholders / other majority shareholders. Other majority shareholders take the role of supervising and overseeing the management and also the controlling shareholders in the company's decision making. The existence of other majority shareholders is then an obstacle for controlling shareholders and management to collude in expropriating minority shareholders (Attig et al. 2008). The other majority shareholders are generally in the form of institutional investors.

Subsequent developments that need to be considered are the rights of minority shareholders in Indonesia. This country that applies its law based on civil law has a weak legal protection for shareholders (Hung, 2000). It is indicated by expropriations cases occurring in Indonesia that harm minority shareholders, such as the case of PT. Sumalindo indo Lestari Jaya Tbk (SULI) in 2011-2013. This case began when Deddy Hartawan as a minority shareholder felt aggrieved by the transfer of 60% of the shares of a SULI subsidiary below the market price and without informing to shareholders general meeting. They also never mentioned the profits made by PT SULI's subsidiary in the financial report. This is possible because of the conspiracy between the directors and the majority shareholders associated with PT SULI. The fact that the relationship between PT SULI's directors and controlling majority shares strongly influences all policies that are one-sided and harm the interests of minority shareholders or the public. From this case, it can be concluded that there is still a lack of protection of the rights of minority shareholders related to the expropriation practice done by the majority shareholders.

Good corporate governance (GCG) is one of the pillars of the market economy system and is closely related to the good trust in the practicing companies and the business climate of a country. The concept of Corporate Governance essentially requires better transparency for all users of financial statements which if successfully implemented properly will automatically improve the company's performance. Corporate governance systems can provide protection to shareholders and creditors for the investments made. Corporate governance can also create a conducive environmental condition that can support the creation of efficient growth.

Kirindaran (2007) stated that the concept of Corporate Governance includes controls and procedures that ensure that the actions taken by management or agents are actions that follow the interests of shareholders or investors. After Indonesia's economic conditions begin to improve, Good Corporate Governance becomes increasingly intensified. The Government also immediately invites business people to continue to socialize and implement Good Corporate Governance, especially for companies listed in the capital market and public companies. The implementation of Good Corporate Governance principles for public companies is shown through various regulations issued by the Indonesia Stock Exchange (IDX) which when it was still called the Jakarta Stock Exchange (JSE), with the issuance of decision 315 / BEJ / 06/2000 on June 30, 2000, which contains all companies listed on the Jakarta Stock Exchange to implement Good Corporate Governance.

Claessens et al (2000) stated that companies in East Asia, such as Indonesia, Malaysia, and Singapore have share ownership structures that tend to be concentrated and the majority are owned by family companies. According to the Family Business Survey published by Price Watercooper House (PWC) 2014, there are more than 95% of companies in Indonesia dominated by family companies. Family companies provide a very large role in the economic field. Because the management of family companies is more monitored and controlled. However, families tend to take advantage of control over a decision. This control is in the form of placing family members in the board structure. Anderson and Reeb (2003) also suggested that families can exploit excessive wealth, conduct transactions with related parties or specifically give dividends. Families can also take action to maximize their personal utility so that the company's performance becomes worse than non-family companies.

Based on the discussion on the factors that can minimize the expropriation, the researcher is interested in exploring multiple large institutional mechanism and the implementation of Corporate Governance considering the inconsistent research results on the effectiveness of governance on expropriation. According to Yeh, Shu, and Su (2012), Gao and Kling (2008), Hamid, Ting, and Kweh (2016), good governance practices can prevent tunneling activities. Furthermore, Lo, Wong, and Firth (2010) concluded that the quality of governance can limit the use of transfer price manipulations related to party sales transactions. Based on studies that show the existence of expropriation in family companies by looking at the dominated by family companies in Indonesia. The researcher wants to find out the mechanisms to reduce expropriations. For this reason, the researcher tries to add a moderating variable in the form of family ownership. The selection of family ownership as a moderating variable as well as the practice of expropriation is the Related Party Transaction through sales and purchase transactions.

1.2 Research Problem

Based on the explanation of the background above, the problems in this study are:

1. Does Multiple Large Institutional Shareholder affect the practice of expropriation in public companies in Indonesia?
2. Does the implementation of Corporate Governance affect the practice of expropriation in public companies in Indonesia?
3. Does the family ownership has moderating influence of the Multiple Large Institutional Shareholder on the practice of expropriation in public companies in Indonesia?
4. Does the family ownership has moderating influence of Corporate Governance on the practice of expropriation in public companies in Indonesia?

1.3 Research Objective

The objectives of the research of this study are as follow:

1. To provide empirical evidence of the Multiple Large Institutional Shareholders influence the practice of expropriation in public companies in Indonesia.
2. To provide empirical evidence of the implementation of Corporate Governance influences the practice of expropriation in public companies in Indonesia.
3. To provide empirical evidence of the influence of the Multiple Large Institutional Shareholder on the practice of expropriation in public companies

in Indonesia which moderated by family ownership.

4. To provide empirical evidence of the influence of Corporate Governance on the practice of expropriation in public companies in Indonesia which moderated family ownership.

1.4 Research Contribution

The result of this research is expected to contribute to:

1. Theoretical benefit

   The result of this research is contributed to Agency theory type II. The theory discusses the conflict of interest between majority or controlling shareholders and minority or non-controlling shareholders which result in the expropriation of minority shareholders in many listed companies in Indonesia.

2. Practical benefit

   The result of this research is expected to show that multiple large institutional shareholder and corporate governance will be effective to reduce the expropriation of minority shareholders in Indonesia. Moreover, the result of this research also expects that the company including the majority shareholders would be more aware in implementing good corporate governance in their company.

CHAPTER II

LITERATURE REVIEW

2.1 Agency Theory

Agency theory is defined as contractual relations between shareholders as owners and management as agents (Jonson and Meckling, 1986). The shareholders delegate the management of the company to professional parties, in this case management. The management is considered to have the expertise and commitment to running the company's business. Based on the assumption that both parties are maximizing utilities, there will be reasons why management does not always act to maximize shareholder utility. The reason is quite clear because management prioritizes their own utilities. This gap of interests is called an agency problem or agency conflict. To avoid this agency conflict, shareholders need to provide incentives for management and issue monitoring costs. These emerging costs are called agency costs. Agency fees can also occur when management ignores shareholder utilities and makes decisions solely on the basis of management's interests. So that agency costs can be defined as costs incurred to maintain value as shareholders' property rights in order to reduce agency problems between stocks and management.

Furthermore, Hendriksen (2002) said that in the agency theory contract agency is to perform certain tasks for the principal while the principal contract is to reward or compensate the agent. Eisenhardt (1989), as quoted by Yakob (2012) stated that agency theory uses three assumptions of human nature, namely:

1. Human is generally selfish.
2. Human has limited thinking power regarding future perceptions.
3. Human always avoids risks.

In relation to agency relations, Jensen and Meckling (1976) stated that if both parties, agents, and owners, try to maximize their utility then there is a possibility that agents will not always act in line with the interests of the owner. This is what drives the emergence of agency problems between agents and owners. This agency problem is a consequence of the separation of ownership functions with the management function in a company or called the separation of ownership and control. Agency problems that occur in this ownership structure are classified as first type agency problems.

Gilson and Gordon (2003) classify agency conflicts into two major groups, namely agency conflicts caused by the separation between ownership and management (control). This agency conflict is referred to as the agency theory Type I. Agency theory Type I can be overcome with the form of concentration ownership, to create an alignment effect between shareholders and company managers. However, the solution to agency theory type 1 raises other agency conflicts, which later became known as other agency conflicts, which came to be known as agency theory type 2. Agency theory type 2 arise due to a gap of interests between concentrated holders (referred to as controlling shareholders) and non-controlling shareholders or minority shareholders.

In Indonesia, most companies have a concentrated ownership structure with the main controllers are families. This is consistent with the results of a survey by Claessens et al. (2000) which examined the separation of ownership in 9 countries in East Asia including Indonesia. Thus, companies in Indonesia, the dominant agency problem is the second type of agency problem. Because of the reasons above, this study focuses on two types of ownership concentration, one of which is the concentration of family ownership.

Agency theory type 2 shows the existence of expropriation as a result of conflicts of interest between the controlling shareholders and non-controlling shareholders. Research conducted by Shleifer and Vishny (1997) and La Porta et al. (2002) showed that agency conflicts that occur more frequently in countries other than the United States and Britain are expropriations by controlling shareholders to minority shareholders. A study by Claessens et al. (2002) and Attig et al. (2008) showed that controlling shareholders tend to expropriate minority shareholders when the difference between cash flow rights/control rights increases. Cash flow right is defined as the percentage of investment by shareholders (both individuals and institutions) in a company and directly reflects the right to cash flow distribution within the company. Control right is seen as something greater than cash flow rights, through pyramid structure and cross-holding between companies.

Control right is defined as the right to control the company by the shareholders even though the ownership of the shares in the company is very small. Control right that is greater than cash flow right encourages the shareholders to expropriate the company's assets for personal gain. The expropriation happened because the shareholders with a small share portion realized that he would not receive a large income through the company's cash distribution mechanism (for example dividends) so that he would use his control rights to get the maximum profit from the company. This can reduce the company's assets, reduce the value of the company which results in the reduction of the wealth of minority shareholders (entrenchment effect). Entrenchment effect is caused by the large number of controlling shareholders occurring in East Asian countries (Claessens, 2000). Managers at companies in East Asia usually have family relationships with the controlling shareholders.

The basic findings on the concept of agency costs by Jensen and Meckling (1986) later became the root of subsequent studies that try to find ways to overcome agency costs within the company. Although it is impossible to eliminate, there are various mechanisms to reduce and minimize agency costs. The various mechanisms include modification of capital structure (equity and debt), modification of ownership structures (family and institutional ownership), dividend distribution, the existence of Multiple Large Institutional Shareholders (MLIS) and other mechanisms.

2.2 Multiple Large Institutional Shareholder (MLIS)

Studies related to Multiple Large Institutional Shareholders (MLIS) are closely related to the functions of supervision, escort, and control of the controlling shareholders. Previous studies are mostly analyzing the relationship between Multiple Large Institutional Shareholders (MLIS) and the value of the company and the relationship between MLIS and corporate governance.

Multiple Large Institutional Shareholders (MLIS) is a group of the majority shareholders in a company (for example greater than 10% share ownership). Some of the majority shareholders can act as the controlling or majority shareholders or called Non-Controlling Large Shareholders (NCLS). Non-controlling large shareholders (NCLS) play an important role in corporate governance. Bennedsen and Wolfenzon (2000) research revealed the reason the founder / initial owner of the company to choose ownership structure with Multiple Large Institutional Shareholders (MLIS) that is to prevent a single controlling shareholder from unilateral actions and decisions that can harm other shareholders. This finding indicated that there is a purpose of avoiding agency conflicts by the founders of the company between the controlling shareholders and minority shareholders. However, compared to Western Europe, the MLIS has a more significant influence in East Asia, where agency conflicts on ownership structures are worse and aggravated by weak protection to minority shareholders.

Regarding the relationship between Multiple Large Institutional Shareholders (MLIS) with company value, Pagano and Roell (1998) found that when there are two or more majority shareholders, it will lead to free riding. Even so, the presence of more than one majority shareholder shows an increase in the value of the company because it can reduce the excessive oversight efforts carried out by the largest shareholders if it is in the opposite condition. Company value is identified lower when NCLS has a relationship with the controlling shareholders

(Cheng et al., 2012). This is in line with research findings by Maury and Pajuste (2005) which analyzed the influence of the identity of NCLS on its role in the company. Under certain conditions, NCLS has an affiliation with the controlling shareholders, and it turns out that this can have a significant effect on the relationship between NCLS and company value, as incentives to monitor or collude with major shareholders can be significantly affected by the identity of NCLS.

NCLS can increase firm value by monitoring expropriation by controlling shareholders. It is in line with findings of Volpin (2002), Laeven and Levine (2008) and Attig et al., (2009) who found that NCLS is related to valuation premiums in the Italian, Western European economies, and East Asia. Edmans and Manso (2011) argued that competition among NCLS raises efforts to increase information in quality and quantity and is reflected in stock prices. With contributions from so many parties resulted in the threat of disciplinary exit and make managers improve their performance.

Indonesia has a concentrated type of share ownership. Although concentrated or centralized at one party, share ownership can also be owned by other shareholders with a large portion or called Multiple large shareholders. The existence of Multiple Large Institutional Shareholders (MLIS) can provide benefits for the company, among others, can monitor the controlling shareholders and mitigate the emergence of agency problems.

Multiple Large Institutional Shareholders (MLIS) is considered in line with the implementation of Good Corporate Governance (GCG). MLIS can supervise controlling shareholders which results in more accountable and impartial policies. MLIS plays an important role in corporate governance (Bennedsen and Wolfenzon, 2000). His research showed that the existence of MLIS prevents a single controlling shareholder from taking actions and making unilateral decisions that can harm the other party. Therefore, the existence of MLIS is able to prevent the expropriation carried out by the controlling shareholders of minority shareholders.

Institutional ownership is generally able to reduce agency problems within the company. Institutional ownership can play its role as a corporate governance mechanism from external companies. According to Veronica and Bachtiar (2004), institutional ownership is one of the corporate governance mechanisms, in addition to the board of commissioners, the remuneration committee, and audit committee. Supervision carried out by institutional shareholders can influence the design of a professional and efficient compensation system, thereby encouraging management to achieve optimal performance and improve the mechanism of compensation systems that can be accepted by all groups (controlling shareholders and institutional shareholders) without harming other owner groups.

In addition, agency problems caused by a single controlling shareholder can be reduced by the presence of MLIS and consequently the value of the company is increasing. This research is also supported by Volpin (2002), Laeven and Laevin, 2008, and Attig et al (2009) which showed that MLIS can reduce the expropriation of private benefits from controlling shareholders and achieve maximum value.

2.3 Corporate Governance

According to the Forum for Corporate Governance in Indonesia (FCGI) (2001: 3), the notion of corporate governance is: "A set of rules governing the relationship between shareholders, management, creditors, government, employees and other internal and external stakeholders in relation to rights - their rights and obligations, or in other words a system that directs and controls the company. The purpose of corporate governance is to create value-added for all stakeholders. "

The agency problem in the relationship between the owner and the manager is how difficult it is for the owner to ensure that the invested funds are not taken over or invested on an unfavorable project that does not bring them return. Corporate governance is needed to reduce agency problems between owners and managers. Corporate governance explains the relationship between various participants in the company that determines the direction of the company's performance.

Corporate governance which is a concept based on agency theory. It is expected to serve as a tool to give investor confidence that they will receive a return on the funds invested in a company. Corporate governance relates to how investors believe that managers will benefit investors, and will not steal or embezzle and invest in unprofitable projects related to the funds invested by investors and related to how investors control managers (Sheifer and Vishny, 1997).

The principles of Good Corporate Governance In Indonesia, the Code of Good Corporate Governance, are published by the National Corporate Governance Committee consisting of 5 principles that must be carried out by each company, namely:

1. Transparency, to realize and maintain objectivity in business practices, companies must provide relevant and material information that is easily accessible and easily understood for stakeholders. Companies must have the initiative to disclose information not only those required by law and regulation but also other information that is considered important for shareholders, creditors and other stakeholders for decision making.
2. Accountability, the company must be able to account for its performance fairly and transparently. So, companies must employ a method so that the company's interests are in line with the interests of shareholders and other stakeholders. Accountability is one of the prerequisites for obtaining sustainable performance.
3. Responsibility, the company must follows the laws and rules and fulfill responsibilities to the community and the environment with the aim of maintaining long-term business continuity and being known as a good company.
4. Independence, to support the implementation of the principles of good corporate governance, companies must be independently regulated by balanced power, where there is no one organ that dominates other organs

and there is no intervention from other parties.

5. Fairness, in carrying out its activities, the company must prioritize the interests of shareholders and other stakeholders based on the principle of fairness. The enforcement of the fairness principle requires the existence of laws that are clear, firm, consistent and can be enforced well and effectively.

Conventional corporate governance mechanisms are considered not strong enough to overcome agency problems in Asia (Claessens and Fan 2003) so that other mechanism is needed to improve conventional corporate governance mechanisms. This study uses the governance scores developed by FCGI in the form of Corporate Governance Self-Assessment Checklist that measure five areas of corporate governance, namely shareholder rights, governance policies, governance practices, disclosure, and audit functions.

1.1.1 2.3.1 The Implementation of Good Corporate Governance

The successful implementation of good corporate governance has its own prerequisites. There are two factors that greatly affect the success of GCG implementation, including:

1. External factors

   External factors are factors from outside of the company that greatly affect the successful implementation of GCG. Among of them:

   a. There is a good legal system so that it can guarantee the validity of law supremacy that is consistent and effective.

b. There is a support for the implementation of GCG from the public sector/government institutions.

c. There are examples of the best practices of GCG benchmark that can become effective and professional GCG implementation standards.

d. The establishment of a social value system that supports the implementation of GCG in the community. This is important because, through this system, it is expected that there will be active participation from various groups of society to support the application and socialization of GCG.

e. Another important prerequisite for the successful implementation of GCG, especially in Indonesia, is the existence of an anti-corruption spirit that develops in the political environment in which the company operates. In fact, it can be said that the improvement of the public environment greatly influences the quality and value of companies in the implementation of GCG.

2. Internal factors

The internal factors are the driving force of successful implementation of GCG practices that come from within the company, including:

a. A corporate culture that supports the implementation of GCG mechanism and management system in the company.

b. Various regulations and policies issued by the company referring to the application of the GCG values.

c. Company risk management control is based on GCG standards.

d. An effective audit system in the company to avoid any irregularities that might occur.

The company has public information disclosure policy to disclose every move and step of the management so that the public can understand and follow every step of the development and dynamics of the company from time to time.

2.4 Family Ownership

The majority ownership by individuals with a significant portion, also by family members, makes the company classified as a family company. Previous studies proposed different definitions related to family ownership share. In a study conducted by La Portaet al. (1999), a family company is defined as a company with individual ownership of at least 20%. It is also stated that if there are shareholders with 20% share, both directly and indirectly, then the shareholder is referred as controlling shareholders.

Family companies defines as all individuals and companies whose ownership is recorded (5% ownership and above must be recorded), except public companies, BUMNs, financial institutions (for example investment institutions, insurance, pension funds, banks and cooperatives) and the public (individuals whose ownership is not required to be recorded, namely ownership under 5%). The definition is in accordance with the regulations issued by Bapepam-LK.

Villalonga and Amit (2006) stated that family companies are companies whose founders or family members, either biological or married, serve as management members or directors, or their owners are at least 5% of the total equity of the company individually or in groups. Family ownership will only give value to the company when the ownership is combined with excessive family control, such as pyramid ownership and cross-holdings.

The family company as a form of concentrated ownership structure is considered to be the solution to the agency theory type 1 because family wealth is closely related to the wealth of the company so that the family element has a strong incentive to supervise, oversee and control the manager (alignment effect). However, as described in the previous section, agency theory type 2 will remain present in family companies in the form of collusion between controlling shareholders and company management.

A family company is a company whose ownership structure is continuously focused on the family. Controlling family members usually hold top management positions and can exercise control over the board of commissioners which in turn can give them the opportunity to take over minority shareholders. Family ownership first criteria is that the founder or family holds at least 20% of the outstanding shares and is the largest shareholder. The second criterion is whether the CEO or chairman of the board of directors is from a family member. If the name of the board of directors and the board of commissioners tend to be the same within a few years and has shares in the ownership of the company, it is included in the family ownership (Leung et al., 2014; Jaggi et al., 2009; Anderson and Reeb, 2003).

In several other studies, family company is who owns 5% shares (La Porta et al., 1998; Villalonga and Amit, 2006; Claessens et al., 2000). Andres (2008) classifies family companies as a company whose shares is at least 25% owned by a particular family or if it is less than 25%, a family member becomes the board of directors or board of commissioners. So basically, the experts define family companies using a certain percentage of ownership and representatives of family members in the company. The difference generally lies in the magnitude of the cut-off of ownership used. This research uses the criteria of family companies, namely the percentage of share owned by the family in the structure of the company's shares by calculating directly the total number of shares.

2.5 Expropriation of Shareholders

Expropriation is defined as the takeover of wealth owned by someone intended for public interest (Brisley et al., 2011). However, in its development, it is negatively connoted, namely as the acquisition of wealth owned by another party to maximize his personal interests.

In general, an expropriation is an act of seizure carried out by the controlling shareholder (majority) against non-controlling shareholders (minority). Expropriation occurs because one of the parties has control rights over the assets of the company, which is relatively larger than the control rights held by other parties.

Expropriation can be done through the acquisition of corporate assets (tunneling) (Johnson et al., 2000). Tunneling can be defined as the transfer of company resources to majority shareholders that can be done through related party transactions. There are two forms of tunneling according to Johnson et al., (2000), first, controlling shareholders transfer company resources through self-dealing transactions. Second, controlling shareholders can increase the proportion of their shareholdings through dilutive share expenditures, slow acquisitions, or through other financial transactions that discriminate against minority shareholders.

The existence of a concentrated ownership structure tends to lead to a shift in agency conflict, namely the conflict that occurs between principles with the agency referred to as the type of agency problem. Becoming a conflict between the controlling shareholders and the manager and non-controlling shareholders. The agency conflict shift is referred to as type II agency problem. The discussion in the agency relationship has an impact on the internal company, the director and controlling shareholders will position themselves in the use of their power to carry out transactions in the case of appropriation of wealth from external stakeholders (Ryngaert & Thomas, 2007). With the existence of such matters, minority shareholders are seen as something that is not important and not taken into account by the majority shareholders.

Expropriation can be explained from the perspective of agency theory. Within the framework of agency theory, there are three kinds of relationships, namely 1) the relationship between shareholders and management, 2) the relationship between shareholders and creditors, and 3) the relationship between management and the government. Eisenhardt (1989) describes the assumption of human nature as the basis for the development of agency theory. The assumptions of human nature are among others 1) every individual in action aims to maximize personal interests (self-interest), 2) individuals have limited thinking about the perception of the future (bounded rationality) and 3) individuals tend to avoid risk (risk averse).

2.6 Related Party Transactions (RPT)

Related parties transaction are transactions carried out between a company and its insiders or affiliates (Chhaochharia & Grinstein, 2007). Transactions between related parties are a potential mechanism for internal parties of companies to carry out expropriation of minority shareholders through unilateral decision making (self-dealing). Related parties transaction (RPT) can occur due to contracts between directors and majority shareholders or other companies that are still affiliated. So that the party has an influence on the transaction to maximize personal wealth. Related parties transaction are considered to be detrimental to minority shareholders. But not all RPTs indicate expropriation practices. For some parties, there are those who argue that RPT is an act that endangers minority shareholders, but for certain parties, the RPT provides several benefits (Ryngaert & Thomas, 2007).

The contribution of this research includes empirically proving the factors that influence the practice of expropriation. Companies can make related parties transaction because the transaction can provide results to the company. One of the results obtained by the company in obtaining and providing substantial assets to related parties. Related party relationships can occur when a party binds another party, where the party has the ability to control the other party or have a significant influence on other parties in making decisions. However, transactions between related parties are seen as harmful to external shareholders. Employees, directors and large shareholders are well positioned to use their influence in conducting transactions that are expropriating wealth from external shareholders (Ryngaert, 2007).

Related parties transaction are a potential mechanism for internal parties of the company to carry out expropriation of minority shareholders through self-dealing. This transaction between related parties is considered to be detrimental to the minority shareholders of non-controlling shareholders. The transaction was carried out, among others, through the decision to buy assets above market prices and there was no strategic added value to the company's operations (E. A. Gordon & Henry, 2005). Thus, transactions between related parties can cause irregularities in the activities of companies that hamper efforts to maximize the welfare of non-controlling shareholders. Related party transactions can cause irregularities in company activities so that it can hamper efforts to maximize the welfare of non-controlling shareholders (Dyanty, Utama, Rossieta, & Veronica, 2012). Harmful related party transactions can be viewed in accordance with the conflict of interest hypothesis which is one of the conflicts of agency theory (E. A. Gordon & Henry, 2005). In addition, inter-party transactions have two contradictory hypotheses, namely related party transactions as opportunistic transactions or as efficient transactions (A. E. Gordon, Henry, & Palia, 2004). As an opportunistic transaction, transactions between parties have a conflict of interest that is consistent with agency theory, as expressed by Berle and Means (1932) and Jensen and Meckling (1976). Related party transactions can be used as a tool for expropriating company resources. On the other hand, related party transactions are seen as efficiency transactions, where this concept was developed by Coase (1937) and Williamson (1975) which states that related party transactions are not detrimental and can even benefit shareholders (Chang & Hong, 2000; Jian & Wong, 2010; Khanna & Palepu, 2000; Stein, 1997).

There are several related party transactions that lead to expropriation practices for example, asset acquisitions made by public companies from related parties, sale of assets from public companies to related parties, sale of equity by public companies to related parties, trade relations between public companies and related parties (for example sales transactions of goods and services, direct cash payments or debt guarantees) by public companies to related parties. In addition, there are transactions that do not lead to expropriation practices but only provide benefits for public companies. The transaction includes cash receipts by public companies (referred to as propping up) and transactions that occur between public companies and their subsidiaries.

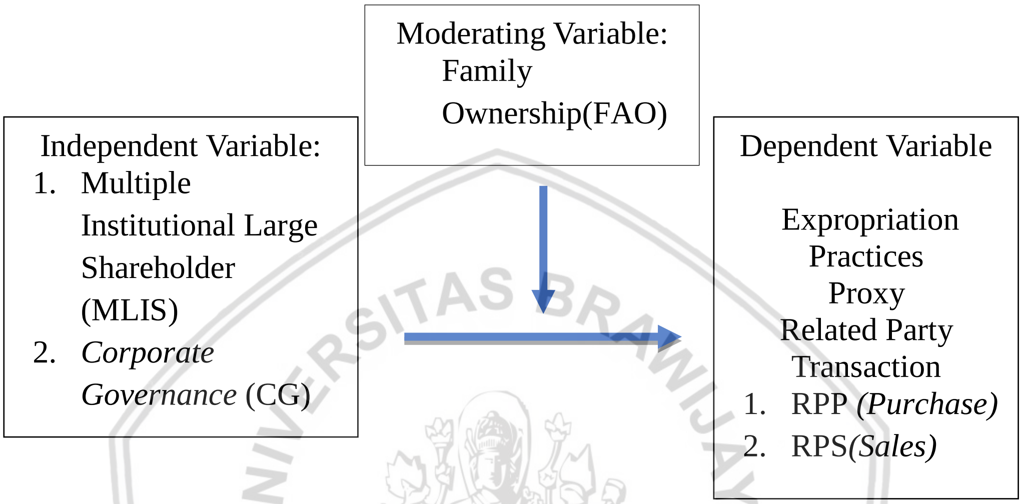
Research conducted by Cheung, Rau & Stouraitis (2006) and Cheung, Jing, Lu, Rau & Stouraitis (2009) also investigated expropriation practices through transactions with related parties. Cheung, Rau & Stouraitis (2006) investigated the types of transactions between related parties which indicated the expropriation of minority shareholders in public companies in Hong Kong. While further research, Cheung, Jing, Lu, Rau & Stouraitis (2009) investigated expropriation practices through tunneling to public companies in China. Tunneling is a condition when a company receives cash or loans from related parties or from a controlling shareholder. For example, if a company acquires assets, goods or services from a related party with a price below market price, then this transaction may indicate tunneling (Cheung, et al., 2009). The results of this study indicate that tunneling is more often done by public companies in China accompanied by minimization of information disclosure related to transactions between related parties. Tunneling is the transfer of assets and profits from subsidiaries for the benefit of the parent company or better with the aim of benefiting shareholders controller (Johnson, Porta, Lopez-de-silanes, & Shleifer, 2000).

2.6 Researcher Framework

The purpose of this study is to examine the influence of Multiple Large Institutional Shareholders (MLIS) on expropriation practices on public companies and the mechanism of corporate governance in these companies and to observe the moderating of these two variables on family ownership of expropriation. Based on the explanations above, the researcher develops a research framework in accordance with the existing theories as :

Picture 2.1.

Research Framework



1.1.2 2.6.1 Influence of Multiple Large Institutional Shareholders on Expropriation Practices

Utama et al (2017) stated that employing MLIS in a company is necessary to support the implementation of good corporate governance so that the role of MLIS in mitigating agency problems can be more effective. Lin et al (2016) also suggested that MLIS plays an important role in supervising companies that have very severe agency problems.

MLIS in this study is seen from the institutional ownership. The spread of the company's ownership structure can provide significant strength to the manager to maximize his personal interests and not for the benefit of the shareholders and this will have an influence on the shareholders' value that is not optimal (Berle & Means, 1933).

Institutional ownership is the ownership of shares by the government, financial institutions, legal entities, foreign institutions, and other institutions in a company. The institution intended is the owner of a public company in the form of an institution, not the owner in the name of a private individual (Sekaredi, 2011). Companies with large institutional ownership indicate their ability to monitor management because the greater the institutional ownership, the more efficient utilization of company assets and is expected to also act as a preventive measure against waste done by management. The higher institutional ownership will reduce the opportunistic behavior of managers who can reduce agency costs (Wahyudi and Pawestri, 2006). From the description above, the formulated hypotheses are:

H1a : Multiple large institutional shareholder has a negative effect on RPT Purchase in public companies in Indonesia.

H1b : Multiple large institutional shareholder has a negative effect on RPT Sales in public companies in Indonesia.

1.1.3 2.6.2 The Influence of Corporate Governance on Expropriation Practices

Indonesia and other Asian countries have a concentrated ownership structure. In countries with concentrated ownership, agency conflicts that occur are no longer between owners and managers, but between controlling shareholders and non-controlling shareholders (Shleifer and Vishny, 1997; La Porta, et al., 1999).

Using agency theory approach, corporate governance mechanisms are used to protect the interests of minority shareholders by preventing majority shareholders opportunistic actions including expropriation. The implementation of corporate governance as a strong governance mechanism is also expected to provide protection to investors and ensure a fair level of treatment for all shareholders so that the implementation of good corporate governance will be able to prevent expropriation practices by the controlling shareholders. Hamid et al., (2016) found that the mechanism of governance in the form of the number of independent directors on the audit committee and the separation of the position of CEO and chairman would reduce the rate of expropriation in Malaysia. Lo et al. (2010) also stated that the mechanism of corporate governance in the form of a high percentage of independent directors, the presence of different people in the position of CEO and president, and the presence of financial experts on the audit committee will reduce expropriation in the form of manipulation of transfer prices in the RPT. The formulated research hypothesis is:

H2a : Corporate Governance has a negative effect on RPT Purchase in public companies in Indonesia.

H2b : Corporate Governance has a negative effect on RPT Sales in public companies in Indonesia

1.1.4 2.6.3 Family Ownership as Moderating Variable

In this study, family ownership calculate as a percentage of family ownership within the company. The definition of a family is an individual or group who are part of the board of directors or directors, as well as companies other than public (individuals or individuals whose ownership is not required to be recorded or less than 5%), public companies, and financial institutions (banks, mutual funds, insurance, investment companies, pension funds, cooperatives and others). This variable is obtained by adding up share ownership from the definition of the family that is included in the share capital section in the company's financial statements.

Family companies are one of the concentrated forms of share ownership in developing countries. This condition is caused by, among other things, weak rules in the company environment. Companies that have controlling shareholdings by the family tend to make decisions that can benefit the family (Fama and Jensen, 1983); Shleifer and Voshny, 1997, Faccio et al. 2001). Even though decisions made tend to be for the benefit of the family (private), companies with family ownership still pay attention to the company's performance to continue profitable. The existence of a family or party classified as a family company also contributes to economic growth in a country.

On the other hand, family companies have unique characteristics. The characteristics of these family companies are that they can seek greater efficiency in operating costs, higher worker productivity, and greater investment efficiency (Muttakin et, al., 2015). Therefore, the investment efficiency company is greater (Muttakin et, al., 2015). On the other hand, public companies do not run effectively when against family ownership in the company. Lane et al., (2006) argued that in family companies, it is slow to implement corporate governance.

This is because families want to avoid accountability and always maintain the confidentiality of the company so that independent commissioners find it difficult to make the best decisions in improving company performance.

Leuang et al., (2014) argued that the concentration of family ownership can weaken the role of independent commissioners in family companies lower than non-family companies. Therefore the use of independent commissioners is less effective in supervising the performance of family companies compared to non-family companies. Non-family companies prioritize more intensive supervision from independent parties in producing the accuracy of financial information. In family companies, controlling family members may not want to share information and power between family members and independent commissioners (Westphal, 1999).

Based on the explanation above, this study uses the percentage of total family ownership family companies as moderation. The formulated research hypothesis is:

H3a : Family ownership weakens the negative effect of Multiple Large Institutional Shareholders to RPT Purchase in public companies in Indonesia.

H3b : Family ownership weakens the negative effect of Multiple Large Institutional Shareholders to RPT Sales in public companies in Indonesia.

This means that the negative influence of MLIS on the minimization of the practice of expropriation is weakening if a company has family ownership compared to the non-family ownership company.

H4a : Family ownership weakens the negative effect of the Corporate Governance to RPT Purchase in public companies in Indonesia.

H4b : Family ownership weakens the negative effect of the Corporate Governance to RPT Sales in public companies in Indonesia.

This means that the negative influence of the implementation of Corporate Governance on minimizing the practice of expansion is weakening if a company has family ownership compared to the non-family ownership company.

CHAPTER III

RESEARCH METHOD

3.1 Type of Research

This research used quantitative method, to examine relationship among variables and determine cause and effect interactions between variables. Resource of data is secondary data. Secondary data is the historical data which is gathered and grouped by other parties and could be obtained from previous research, case studies, library records, online data, company websites, and the internet in general (Sekaran & Bougie, 2014). Resource of data that is used in this research is secondary data from Indonesian Stock Exchange.

3.2 Population and Sample

Population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate and sample refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Sekaran & Bougie, 2014). Population in this research are the company which were listed on Indonesia Stock Exchange in 2016-2017. The year of research were chosen because it is the latest data that can be obtained in Indonesian Stock Exchange. Therefore, the data is the most recent and up to date which is useful to reflect the information and condition of the sample's companies.

The sample of this research is collected using purposive sampling. Purposive sampling is a sampling method where the samples are chosen based on the researcher are as follow:

1. Indonesian company must be listed in IDX in the period of 2016-2017.

2. Indonesian company conduct transactions of purchase and sales with related party.

3. Indonesian company that have institutional shareholder.

4. The financial statements are presented in Rupiah currency and must be available as well as audited by the independent auditor during the period

The several sample criteria above are presented in table 3.1 below.

Table 3.1

The Selection of Research Samples Results

No	Information	Amount
1	Total listed firms in IDX 2016-2017	534
2	Companies other than trading and industry companies listed on the IDX	323
3	Financial statement using other currency than Rupiah	28
4	The company does not provide the data needed in the variables needed from the full year	86
	Number of samples	97

3.3 Data Collection Method

Resource of data is secondary data. Secondary data is the historical data which is gathered and grouped by other parties and could be obtained from previous research, case studies, library records, online data, company websites, and the internet in general (Sekaran & Bougie, 2014). Resource of data that is used in this research is secondary data from Indonesian Stock Exchange and picking from:

1. Annual report in 2016-2017 from companies selected as sample
2. Company's official website.

3.4 Research Variables and Measurement

3.4.1 Dependent Variable

The dependent variable is a variable that is influenced by an independent variable. The value of the dependent variable will change with the change of the independent variable. This study used the dependent variable, Expropriation.

The dependent variable uses in the current study is expropriation referring to the misuse of one's control powers by controlling shareholder to maximize their own welfare and extract wealth from minority shareholder. The proxy uses in this study is related party transaction of purchase and sales. This study replicated the research of Cheung et al. (2006) in identifying related party transactions which may indicate expropriation practices. All information related to related party transactions is available in the Financial Statements in the company's Annual Report. This research collected the amount or amount of each transaction and then summed it up by category. For the total value of sales, transactions were divided by the total sales of the company, the total purchase value was divided by the total purchase of the company. It was concluded that related party transactions in this study were classified into two groups, namely sales and purchase transactions between related parties. This can be described in the following formulas:

$$RPP = \frac{RPT\ Purchase}{Total\ Purchase} \qquad RPS = \frac{RPT\ Sales}{Total\ Sales}$$

3.4.2 Independent Variables

Independent variables are variables that affect changes to the dependent variable. This study used 2 (two) independent variables, Multiple Large Institutional Shareholders and Corporate Governance.

3.4.2.1 Multiple Large Institutional Shareholders (MLIS)

Institutional ownership is the ownership of shares by non-individual investors consisting of company investors, mutual funds, pension funds, financial institutions, insurance, or other companies. Multiple large institutional shareholder measure by shares that owned by institution divided by total company shares (Juniarti and Sentosa, 2009:94). The formula obtained:

$$\text{MLIS} = \frac{\text{Shares that owned by Institution}}{\text{Total Shares}}$$

3.4.2.2 Corporate Governance (CG)

Corporate Governance is proxy using the governance score that will be calculated using the guidelines developed by FCGI in the form of Corporate Governance Self-Assessment Checklist (see Appendix 2) because the guideline has a complete guide in assessing corporate governance which measures five fields of governance, namely:

a. Shareholder rights (20%),

b. Governance policy (15%),

c. Governance practices (30%),

d. Disclosure (20%),

e. Audit function (15%).

The assessment is done by giving a value 0 to 5 in the criteria in each category. Then, add the value of each category which will then be multiplied by the score of the category, and then add up all the measurement results.

3.4.2.3 Family Ownership (FamOwn)

Anderson and Reeb (2003) stated that family firms, as those in which the founder or a member of his or her family by either blood or marriage is an officer, director, or blockholder, either individually or as a group. Family ownership is a variable used for the proxy of family companies. In this study, family ownership is the percentage of controlling share ownership by the family. Family Ownership is calculated from the total percentage of family ownership in the company.

$$\text{FamOwn} = \frac{\text{Shares that owned by Family}}{\text{Total Shares}}$$

3.5 Data Analysis Methods

Data analysis methods used were descriptive statistical analysis, classical assumptions, and multiple linear regression analysis. This study used regression analysis techniques in the SPSS version software application.

3.5.1 Descriptive Statistics

Descriptive statistics in this study was to provide an overview or description of the distribution/dispersion of data seen from the mean value, standard deviation, maximum and minimum (Ghozali, 2006).

3.5.2 Multiple Regression Analysis

he hypothesis in this study is tested by multiple regression. Multiple regression analysis is used to analyse the relation between two or more independent variables and one dependent variable. According to Ghozali (2013), the model for multiple regression in this study as follow:

Model 1:

$$RPP = \alpha + \beta 1MLIS + \beta 2CG + \varepsilon 2 \qquad (1)$$

$$RPP = \alpha + \beta 1\ MLIS + \beta 2CG + \beta 3MLIS*FamOwn + \beta 4CG*FamOwn + \varepsilon 2 \qquad (2)$$

Model 2:

$$RPS = \alpha + \beta 1MLIS + \beta 2CG + \varepsilon 2 \qquad (3)$$

$$RPS = \alpha + \beta 1MLIS + \beta 4CG + \beta 5MLIS*\ FamOwn + \beta 4CG * FamOwn + \varepsilon 2 \qquad (4)$$

Note:

RPP = Related Party Purchase

RPS = Related Party Sales

CG = Corporate Governance

MLIS = Multi Large Institutional Shareholder

FamOwn = Family Ownership

α = constant

ε = error

3.5.2.1Coefficient of Determination

The coefficient of determination (R-squared) measures the model's ability to explain the variation of the dependent variable or how close the data are to the fitted regression line. The R-squared is always between 0 and 1. In general, the higher the R-squared or close to one means the independent variables provide almost all the necessary information to predict the variation of the dependent variable. While, the smaller of R-squared indicating the ability of the independent variables to explain the variation of dependent variable are very limited.

3.5.2.2 F-Test

The F-test is used to indicates whether there is independent variable that has significant effect on the dependent variable. The decision criteria are by comparing 33 the F-value from the calculation with the value of F according to the table (F-table). When F-value is greater than F-table, it means that at least there is one independent variable that affects the dependent variable.

3.5.3 Classic Assumption Test

3.5.3.1 Multicollinearity Test

Multicollinearity test is used to measure the degree of association (cohesion) relationship / influence between independent variables in the regression model. Multicollinearity or the relationship between the independent variables can be determined by tolerance value and VIF (Variance Inflation Factor), where the tolerance value ≤ 0.10 and VIF ≥ 10 (Ghozali, 2013, p. 105).

3.5.3.2 Heteroscedasticity test

Heteroscedasticity test aims to ensure whether in a regression model occurs unequal variant of residual observations to other observations. If the residuals have the equal variance, called homoscedasticity, and if the variance is not equal, it is called heteroscedasticity. The regression equation was good if there is no heteroscedasticity indicated in this study. Glejser test is used to test the heteroscedasticity in this study, because it has more accurate value than scatterplot model. The Glejser test is performed by regressing the independent variable with its residual absolute value. If the value of significance between independent variables with absolute residual is more than 0.05 then the homoscedasticity is fulfilled (Ghozali,2013,p.142).

3.5.3.3 Normality Test

Normality test aims to test that in the regression model, or residual confounding variable is normally distributed. This is in line with the assumption that the value of the residuals follow a normal distribution when conducting the t test and f test. If this assumption is violated, the statistical test to be invalid for a number of small samples. One way to test for normality is the statistical test, and this study uses the non-parametric Kolmogorov-Smirnov test. (Ghozali, 2013, p. 164).

3.5.4 Hypothesis Test

The purpose of hypothesis testing is to answer the hypothesis that have been construct in chapter 2. These can be checked through statistical measurement called t-test. This research uses one tailed test so that the significance of the t-value (sig. t) should be divided by 2 to get the p value.

3.5.4.1 t-test

The t-test is basically to check if each independent variable has a significant effect on the dependent variable by comparing the t-value and t-table at significant level $\alpha = 5\%$. The assessment is as follows: a. If t-value is > t-table or if sig.t is > α, it means that the independent variables significantly influence the dependent variable, H0 is accepted. b. If t –value is < t-table or if sig. t is < α, it means that the independent variable has no significant effect on the dependent variable. H0 is rejected.

CHAPTER IV

RESULTS AND DISCUSSION

4.1 Descriptive Statistics Results

Descriptive statistics serves to describe the characteristics of the research variables consisting of expropriation practices, multiple large institutional shareholder, corporate governance, using family ownership as moderation. The data used in descriptive statistics are average values, maximum values, minimum values, and standard deviations. The process of descriptive statistics results are presented in Table 4.1 below:

Table 4.1

Descriptive Statistics

Research Variables	N	Minimum	Maximum	Mean	Standard Deviation
MLIS*	97	0.02	0.99	0.69	0.22
Corporate Governance	97	0.37	0.88	0.74	0.09
Family Ownership	97	0.00	0.98	0.09	0.19
Related Party Transaction (Purchase)	97	0.00	6.43	1.84	1.56
Related Party Transaction (Sales)	97	0.00	6.57	1.63	1.63

Source: Appendix 4

*MLIS = Multiple Large Institutional Shareholder

The result shows on Table 4.1 based on the number of 97 data samples (N) companies listed on Indonesian Stock Exchange for the year 2016-2017. The following will explain the results of the descriptive statistics of each variable in this study. Based on the table, the average of Multiple Large Institutional Shareholder is 69% with 0.22 for standard deviation. The Corporate Governance have an average 0f 74% with 0.09 standard deviation. The average of expropriation of Indonesian public companies proxied by related party transaction of purchase and sales are 1.84 and 1.63 with 1.56 and 1.63 standard deviation. The standard deviation of Multiple Large Institutional Shareholder, Corporate Governance, and Related Party Transaction (Purchase and Sales) are lower than the mean or the mean gap is low. Family ownership average is 9% with 0.19 standard deviation. The standard deviation of Family Ownership is greater than the mean or the mean gap of Family Ownership is high. Most of the data shows that mean is larger than standard deviation except Family Ownership. It is not a problem because number of data is larger enough (more than 30 data). The large data tend to be normally distributed. So, this does not cause econometric problems.

4.2 Multiple Regression Analysis

The hypothesis testing in this study used multiple regression. Multiple regression analysis is done to predict the relationship between the independent variable and the dependent variable. The dependent variable is the practice of expropriation proxied by related party sales transactions (RPT of Purchases and sales). The independent variables include multiple large institutional shareholders, governance, and family ownership as moderating variables. Multiple regression results are presented in Tables 4.2 and 4.3 below:

Table 4.2

Regression Equation (RPT Purchase)

	Variable	Coefficient	t-value	F-value	R^2
Panel 1	(Constant)	6.762	6.52	23.99**	0.338
	MLIS	-3.363*	-5.539		
	Corporate Governace (CG)	-3.447**	-2.393		
Panel 2	(Constant)	6.922	6.636	12.921**	0.36
	MLIS	-2.746*	-3.928		
	Corporate Governace (CG)	-4.258*	-2.832		
	MLISxFamOwn	-4.583**	-1.760		
	CGxFamOwn	4.481**	1.595		

**Significant at 0.01 level *Significant at 0.05 level

Source : Appendix 5

MLIS = Multiple Large Institutional Shareholder

FamOwn = Family Ownership

The coefficient of determination is used to measure of how much the independent variable used in this research (Multiple Large Institutional Shareholder, Corporate Governance and Family Ownership as moderating variable) contributed or influenced on the dependent variable which is related party transaction of purchase. Based on table 4.2, the coefficient of determination (R^2) on panel 1 and panel 2 are 0,338 and 0,360 in which means the 33.8% and 36% of the dependent variable related party transaction of purchase is influenced by the independent variables (Multiple Large Institutional Shareholder, Corporate Governance and Family Ownership as moderating variable). Meanwhile, the rest of 66.2% and 64% of the dependent variable (Related Party Transaction of Purchase) is influenced by others independent variable which is not discussed in this research.

Based on the Table 4.2, the result of F-value are 23.990 on panel 1 and 12.921 on panel 2 significant at 0.00 level. While the F-table is 3.090. Since F-value is > F-table which is 23.990 > 3.090 on panel 1 and 12.921 > 3.090 on panel 2 or the value of Sig. F (0.000) is < α (0.050). Thus, it can be concluded that at least there is one independent variable in the regression model that has significant effect on dependent variable (Related Party Transaction of Purchase). They are multiple large institutional shareholder, corporate governance and family ownership as moderating variable.

Tabel 4.3

Regresion Equation (RPT Sales)

	Variable	Coefficient	t-value	F-value	R^2
Panel 1	(Constant)	6.915	6.2	19.782**	0.296
	MLIS	-3.018*	-4.623		
	Corporate Governance (CG)	-4.273*	-2.759		
Panel 2	(Constant)	7.016	6.163	9.804**	0.299
	MLIS	-2.894*	-3.794		
	Corporate Governance (CG)	-4.485*	-2.733		
	MLISxFamOwn	-0.971**	-0.342		
	CGxFamOwn	0.487**	0.159		

**Significant at 0.01 level *Significant at 0.05 level

Source : Appendix 5

MLIS = Multiple Large Institutional Shareholder

FamOwn = Family Ownership

The coefficient of determination (R^2) on panel 1 and panel 2 are 0,296 and 0,299 in which means the 29.6% and 29.9% of the dependent variable related party transaction of purchase is influenced by the independent variables (Multiple Large Intitutional Shareholder, Corporate Governance and Family Ownership as moderating variable). Meanwhile, the rest of 70.4% and 70.1% of the dependent variable (Related Party Transaction of Purchase) is influenced by others independent variable which is not discussed in this research.

Based on the Table 4.3, the result of F-value are 19.782 on panel 1 and 9.804 on panel 2 significant at 0.00 level. While the F-table is 3.090. Since F-value is > F-table which is 19.782 > 3.090 on panel 1 and 9.804 > 3.090 on panel 2 or the value of Sig. F (0.000) is < α (0.050). Thus, it can be concluded that at least there is one independent variable in the regression model that has significant effect on dependent variable (Related Party Transaction of Purchase). They are multiple large institutional shareholder, corporate governance and family ownership as moderating variable.

4.3 Classic Assumption

The result of multiple regression is fit to the model because there are no violation of classical assumptions required such as normality of error, multicolinearity, heterocedastisity. Thus, the regression results are appropriate of being used to test the research hypothesis.

4.3.1 Normality Test

The normality test is used to check if the residuals or errors are normally distributed. Typically, to assess this assumption using the normal probability plot of the residuals and histogram. Based on appendix 6, it can be concluded that the residuals have normal distribution from the normal probability plot and histogram. Thus, the normality assumption is fulfilled and fit the model.

4.3.2 Multicolinearity Test

The multicollinearity test shows that there is no correlation among independent variables. It is proven from Tolerance value which is higher than 0.10 and Variance Inflation Factor (VIF) which is lower than 10. Thus, it can be concluded that non-multicollinearity assumptions are fulfilled.

Tabel 4.4

Result of Multicolinearity Test

	Variable	Collinearity Statistics	
		Tolerance	VIF
Panel 1	MLIS	0.918	1.090
	CG	0.918	1.090
Panel 2	MLIS	0.684	1.462
	CG	0.832	1.202
	MLISxFamOwn	0.110	9.055
	CGxFamOwn	0.115	8.714

Source: Appendix 6

Data for Related Party Transaction of Purchase

Table 4.5

Result of Multicolinearity Test

	Variable	Collinearity Statistics	
		Tolerance	VIF
Panel 1	MLIS	0.918	1.090
	CG	0.918	1.090
Panel 2	MLIS	0.684	1.462
	CG	0.832	1.202
	MLISxFamOwn	0.110	9.055
	CGxFamOwn	0.115	8.714

Source: Appendix 6

Data for Related Party Transaction of Sales

4.3.3 Heteroscedasticity Test

Heteroscedasticity test is done using the plot graphic test by checking whether there is a particular pattern in scatterplot graph between variance X and Y or not. If the dots are spread randomly around 0 number on axis Y in the scatterplot graph, it can be concluded that there is no heteroscedasticity and vice versa. The result of heteroscedasticity test can be seen on appendix 4. Based on the appendix 6, the scatterplot diagram shows the dots are spread randomly and doesn't form a particular pattern. Thus, it can be concluded that the regression model is free from heteroscedasticity.

4.4 Hypothesis Testing

The purpose of hypothesis testing is to answer the hypothesis that have been construct in chapter 2. These can be checked through statistical measurement called t-test. This research used one tailed test so that the significance of the t-value (sig.) should be divided by 2 to get the p value.

Based on table 4.2, for panel 1 the t-value of multiple large shareholder is 5.539. While t-table is 1.645. Since t-value is > t-table which is 5.539 > 1.645 or p value is 0,000 from sig (0,000/2) < α = 0.05, it means that the influence of multiple large shareholder on related party transaction of purchase is significant. The t-value of corporate governance is 2.393. Since t-value is > t-table which is 2.393 > 1.645, or p value is 0,000 from sig. t (0,000/2) < α = 0.05 meaning that the influence of corporate governance on related party transaction of purchase is significant.

On the panel 2, the t-value of multiple large shareholder is 3.928. While t-table is 1.645. Since t-value is > t-table which is 3.928 > 1.645 or p value is 0,000 from sig.(0.000/2) < α = 0.05, it means that the influence of multiple large shareholder on related party transaction of purchase is significant. The t-value of corporate governance is 2.832. Since t-value is > t-table which is 2.832 > 1.645, or p value is 0.003 from sig.(0.006/2) < α = 0.05 meaning that the influence of corporate governance on related party transaction of purchase is significant. The t-value of moderating variable MLISxFamOWn is 1.760. Since t-value > t-table which is 1.760 > 1.645 or p value is 0.041 from sig. (0.082/2) > α =0.05 meaning that the influence of moderating variable is significant. The t-value of moderating variable CGxFamOWn is -1.595. Since t-value < t-table which is -1.595 < 1.645 or p value is 0.057 from sig.(0.114/2) > α =0.05 meaning that the influence of moderating variable is not significant.

From result above, we know that the independent variable which are multiple large institutional shareholder and corporate governance has a significant effect on related party transaction of purchase. Thus, the hypothesis 1a and 2a which states that multiple large institutional shareholder and corporate governance affects can reduce the expropriation practices is accepted. For moderating variable, the result showed that theres significant effect between MLISxFamOwn so hypothesis 3a is accepted and for CGxFamOwn theres no significant effect to related party transaction of purchase so the hypothesis 4a are rejected.

Based on table 4.3, for panel 1 the t-value of multiple large shareholder is 4.623. While t-table is 1.645. ince t-value is > t-table which is 4.623 > 1.645 or p value is 0,000 from sig.(0,000/2) < α = 0.05, it means that the influence of multiple large shareholder on related party transaction of purchase is significant. The t-value of corporate governance is 2.759. Since t-value is > t-table which is 2.759 > 1.645, or p value is 0,003 from sig.(0,007/2) < α = 0.05 meaning that the influence of corporate governance on related party transaction of purchase is significant.

On the panel 2, the t-value of multiple large shareholder is 3.794. While t-table is 1.645. Since t-value is > t-table which is 3.794 > 1.645 or p value is 0,000 from sig.(0.000/2) < α = 0.05, it means that the influence of multiple large shareholder on related party transaction of purchase is significant. The t-value of corporate governance is 2.733. Since t-value is > t-table which is 2.733 > 1.645, or p value is 0.004 from sig.(0.008/2) < α = 0.05 meaning that the influence of corporate governance on related party transaction of purchase is significant. The t-value of moderating variable MLISxFamOWn is 0.342. Since t-value < t-table which is 0.342 < 1.645 or p value is 0.366 from sig.(0.733/2) > α =0.05 meaning that the influence of moderating variable is not significant. The t-value of moderating variable CGxFamOWn is -0.159. Since t-value < t-table which is

-0.595 < 1.645 or p value is 0.437 from sig.(0.874/2) > α =0.05 meaning that the influence of moderating variable is not significant.

From result above, we know that the independent variable which are multiple large institutional shareholder and corporate governance has a significant effect on related party transaction of purchase. Thus, the hypothesis 1b and 2b which states that multiple large institutional shareholder and corporate governance affects can reduce the expropriation practices is accepted. For moderating variable, the result showed that theres no significant effect between MLISxFamOwn and CGxFamOwn to related party transaction of purchase so the hypothesis 3b and 4b are rejected.

4.5 Research Discussion

4.5.1 The Influence of Multiple Large Institutional Shareholders on Expropriation Practices

Based on the results of the multiple large institutional shareholders' concentration variables testing on the practice of expropriation proxied through purchase and sales transactions between related parties, it can be seen that multiple large institutional shareholder has a negative effect on both purchase and sales transactions between related parties. The results of this study indicate that the greater the concentration of multiple large institutional shareholders can control the practice of expropriation. Therefore, the first hypothesis which states that multiple large institutional shareholders have a negative influence on RPT Purchase transactions and Sales in public companies in Indonesia is accepted.

The results of this study support previous research (Luo and Jackson, 2012; Qian et al., 2011; Moscariello, 2013) which argued that institutional shareholders tend to behave actively in voting compared to other shareholders, even though they do not have sufficient strength in voting rights. The results of this study suggest the importance of institutional shareholders other than controllers to control controlling shareholders against expropriation practices. Distribution of shares between outside shareholders, namely institutional investors can reduce agency problems. The existence of institutional ownership such as insurance companies, investment companies and ownership by other institutions will encourage more optimal supervision of management performance.

Shleifer and Vishny (1986) argued that the greater the level of share ownership by an institution, the more effective control mechanism will be on management performance. Institutions have the resources, ability and opportunity to monitor and discipline managers to be more focused on the value of the company. Multiple large institutional shareholders have an important meaning in the monitoring mechanism because ownership of institutions will encourage more optimal supervision. Monitoring by institutional shareholders as supervisory agents can be effective because of their substantial investment in the capital market.

Multiple large institutional shareholders have a very important role in minimizing agency conflicts that occur not only between managers and shareholders (Type I) (Jensen and Meckling, 1976), but also between majority and minority shareholders (Type II). The existence of institutional investors is considered capable of being an effective monitoring mechanism in every decision taken by the manager. This is because institutional investors are involved in strategic decision making so that it is not easy to trust decisions in related loan activities.

4.2.2 The Influence Corporate Governance on Expropriation Practices

The hypothesis two states that corporate governance negatively affects expropriation practices. The test results show that the second hypothesis is accepted. The results of this study support previous research conducted by Hamid, et al. (2016), Lo, et al. (2010), and Yeh, et al. (2012) found that corporate governance can reduce the risk of expropriation practices.

The agency theory type 2 that occurs between the controlling and non-controlling shareholders which is illustrated through related party sales transactions illustrating the potential for transfer price manipulation between related parties as one of the methods of expropriation practice. In overcoming agency problems, companies implement good corporate governance mechanisms that will reduce the potential for expropriation practices through the sale of related parties.

The ability of corporate governance in reducing expropriation practices is based on the implementation of corporate governance must pay attention to the rights and interests of all stakeholders so as to ensure fair treatment for all stakeholders and reduce the risk of agency problems.

Thus, the results of this study are able to confirm the application of agency theory, especially related to the use of corporate governance mechanisms as an effort to protect the interests of non-controlling shareholders over opportunistic actions such as expropriation by the controlling shareholders.

In addition, the results of this study is supported by Claessens and Fan (2003) who stated that conventional corporate governance mechanisms are considered not strong enough to overcome agency in Asia so that other mechanisms are needed that can improve the conventional corporate governance mechanism in this study using corporate governance scores. The use of corporate governance scores as a proxy for corporate governance mechanisms in this study can also be used as a reference for companies to be able to implement better corporate governance practices in each of their elements as an effort to ensure the company's commitment to ensuring equity for all shareholders and investors, and to gain public trust.

4.2.3 The Influence of multiple large institutional shareholder On expropriation practices moderating by family ownership

Based on the results of the regression, moderating family ownership has a significant negative effect on expropriation practices, it shows that family ownership weakens MLIS negative influence and governance on expropriation practices. Companies with controlling shares held by the majority of families, families will always interfere in the management of the company and the family will also be in the top management position which will supervise directly.

In family companies, the family usually does not want to share information about the company to an independent party and the implementation of a corporate governance is very low. According to Maury (2006), a family-controlled company plays an important role in controlling the company. Therefore, the role of MLIS is very weak in family companies, where the family is the controlling shareholder and has the power to determine company policy. This led to agency problem II that occurred between the controlling and non-controlling shareholders.

CHAPTER V

CONCLUSION

5.1 Conclusion

This study aims to empirically examine the effect of the Multiple Large Institutional Shareholders, Corporate Governance and Family Ownership as moderating variable on expropriation practices in public companies in Indonesia. Expropriation practices are proxied by related party purchase and sales transactions. The sample used is a company listed on the IDX for two consecutive years from 2016-2017.

The findings of this study revealed that expropriation through RPT purchase and sales could be minimized by multiple large institutional shareholder and corporate governance. This implied that the existence of institutional investors is considered capable of being an effective monitoring mechanism in every decision taken by the manager. This because institutional investors are involved in strategic decision making. The results of the corporate governance research provide empirical evidence that expropriation practices can be minimized by the application of good corporate governance. Companies that implement good corporate governance are certainly able to provide better protection for shareholders. The results of research family ownership as a moderating variable indicate that the existence of controlling shareholders by the family can weakens the negative influence between MLIS and governance on expropriation practices. This means the role of MLIS and corporate governance in reducing expropriation practices is higher in non-family companies compared to family companies.

5.2 Research Limitations

This research still has some limitations. Firstly, the expropriation practice only uses measurements of related party purchase and sales transactions, where there are still various ways of measuring that cannot be done. Secondly, corporate governance disclosures in the annual reports carried out by the company do not reveal details of their corporate governance practices. This makes the assessment of governance to be less optimal.

5.3 Suggestions

Based on the limitations of the research results above, further researchers should consider other measures of expropriation in order to enrich research using measurements of other variables. For further researchers, it is also advisable to consider the addition of other data sources other than the annual report, by looking for news on the company's website so that the research will be maximized.

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Appendix

Appendix 1. List of Samples

No	Kode	Nama Perusahaan
1	ACES	PT. Ace Hardware Indonesia. Tbk
2	AGII	PT Aneka Gas Industri Tbk.
3	AISA	PT. Tiga Pilar Sejahtera Food Tbk
4	AKPI	Argha Karya Prima Ind. Tbk
5	AKRA	AKR Corporindo Tbk
6	ALMI	Alumindo Light Metal Industry Tbk
7	ALTO	Tri Banyan Tirta Tbk
8	AMFG	Asahimas Flat Glass Tbk
9	AMRT	PT. Ssumber Alfaria Trijaya Tbk
10	APLI	PT Asiaplast Industries Ybk
11	ARGO	PT Argo Pantes Tbk
12	ARNA	Arwana Citra Mulia Tbk
13	ASII	Astra International Tbk
14	AUTO	Astra Auto Part Tbk
15	BATA	Sepatu Bata Tbk
16	BELL	PT Trisula Textile Industries Tbk
17	BOLT	PT Garuda Metalindo Tbk
18	BRNA	PT Berlina Tbk
19	CARS	PT Industri Dan Perdgangan Bintraco Dharma Tbk
20	CEKA	Cahaya Kalbar Tbk
21	CLEO	PT Sariguna Primatirta Tbk
22	CPIN	Charoen Pokphand Indonesia Tbk
23	CSAP	Catur Sentosa Adiprana Tbk
24	DAYA	PT Duta Intidaya Tbk
25	DLTA	Delta Djakarta Tbk
26	DVLA	Darya Varia Laboratoria Tbk
27	ECII	PT Electronic City Indonesia Tbk
28	EKAD	PT. Ekadharma International Tbk.
29	EPMT	PT Enseval Putera Megatrading Tbk
30	ERAA	PT Erajaya Swasembada Tbk
31	GDST	Gunawan Dianjaya Steel Tbk
32	GGRM	PT Gudang Garam Tbk
33	GJTL	PT Gajah Tunggal Tbk
34	GLOB	PT Global Teleshop Tbk
35	HERO	PT Hero Supermarket Tbk
36	HMSP	Hanjaya Mandala Sampoerna Tbk
37	ICBP	Indofood CBP Sukses Makmur Tbk

38	IKBI	PT Sumi Indo Kabel Tbk
39	IMAS	Indomobil Sukses Intenational Tbk
40	IMPC	PT Impack Pratama Industri Tbk
41	INAF	Indofarma Tbk
42	INAI	Indal Alumunium Industry Tbk
43	INCI	Intanwijaya Internasional Tbk
44	INDF	Indofood Sukses Makmur Tbk
45	INTA	Intraco Penta Tbk
46	INTP	Indocement Tunggal Prakasa Tbk
47	ISSP	PT Steel Pipe Industry of Indonesia. Tbk
48	JECC	PT Jembo Cable Company Tbk
49	JPFA	PT Japfa Comfeed Indonesia Tbk
50	KAEF	Kimia Farma Tbk
51	KBLI	PT KMI Wire and Cable Tbk
52	KBLM	PT Kabelindo Murni Tbk.
53	KINO	PT Kino Indonesia Tbk
54	KLBF	Kalbe Farma Tbk
55	KOIN	PT Kokoh Inti Arebama Tbk
56	LION	Lion Metal Works Tbk
57	LMSH	Lionmesh Prima Tbk
58	LPPF	PT Matahari Department Store Tbk
59	LTLS	PT Lautan Luas Tbk
60	MAIN	PT Malindo Feedmill Tbk
61	MAPI	Mitra adiperkasa Tbk
62	MBTO	Martina Berto Tbk
63	MCAS	M Cash Integrasi PT
64	MDKI	PT Emdeki Utama, Tbk
65	MERK	Merck Tbk
66	MICE	Multi Indocitra Tbk
67	MIDI	Midi Utama Indonesia Tbk
68	MKNT	PT Mitra Komunikasi Nusantara Tbk.
69	MLBI	Multi Bintang Indonesia Tbk
70	MLIA	PT Mulia Industrindo, Tbk.
71	MPPA	PT Matahari Putra Prima Tbk
72	MYOR	Mayora Indah Tbk
73	MYTX	PT Asia Pacific Investama Tbk
74	PICO	PT Pelangi Indah Canindo Tbk
75	PYFA	PT Pyridam Farma Tbk
76	RICY	Ricky Putra Globalindo Tbk
77	RMBA	Bentoel International Tbk
78	ROTI	Nippon Indosari Corporindo Tbk
79	SCCO	Supreme Cable Manufacturing and Commerce Tbk
80	SIDO	PT Industri Jamu dan Farmasi Sido Muncul

		Tbk
81	SIPD	Sierad Produce Tbk
82	SKBM	Sekar Bumi Tbk
83	SMBR	Semen Baturaja Persero Tbk
84	SMCB	Holcim Indonesia Tbk
85	SMGR	Semen Indonesia Tbk
86	SMSM	Selamat Sempurna Tbk
87	SONA	PT Sona Topas Tourism Industry Tbk
88	SPMA	PT Suparma Tbk
89	SRSN	Indo Acitama Tbk
90	TALF	PT Tunas Alfin Tbk
91	TCID	Mandom Indonesia Tbk
92	TELE	PT Tiphone Mobile Indonesia Tbk
93	TGKA	PT Tigaraksa Satria Tbk
94	TOTO	Surya Toto Indonesia Tbk
95	TSPC	Tempo Scan Pasific Tbk
96	TURI	PT Tunas Ridean Tbk
97	UNTR	PT United Tractors Tbk

Appendix 2. Corporate Governance Self Assessment Checklist

No	Item
1	Rights of Shareholders
	1.1 Timeliness of the GMS 1.2 Time notification of the GMS 1.3 Voting rights at the GMS 1.4 Implementationof extraordinary GMS 1.5 Options at the GMS 1.6 Financial information reliability 1.7 Accuracy in delivering financial information 1.8 Financial information comparison 1.9 Non-financial information reliability 1.10 Accuracy in the delivery of non-financial information 1.11 Non-financial information significance 1.12 Openness of the GMS 1.13 Rights at the annual GMS 1.14 Appointment of directors and commissioners 1.15 The performance of directors and commissioners Assessment 1.16 Compensation of directors and commissioners 1.17 Appointment of external auditors
2	Corporate Governance Policy
	2.1 Determination of the duties of commissioners and directors 2.2 Commitment to information disclosure 2.3 Availability of information for investors 2.4 The responsibility of the commissioner 2.5 Compliance officer tools 2.6 Comprehensiveness of the company's code of ethics

	2.7 Code of ethics for employees 2.8 Shareholders' code of ethics 2.9 Code of ethics for relationships with third parties 2.10 Commitment to corporate governance 2.11 Confidentiality of company information 2.12 Confidentiality of employee information 2.13 Legal and statutory compliance 2.14 Resoluteness in implementing the company's code of ethics
3	Corporate Governance Practices
	Corporate Governance Practices 3.1 Meeting of directors and commissioners 3.2 Company business strategy 3.3 Number of directors 3.4 Number of commissioners 3.5 Composition of directors and commissioners 3.6 Conflict of directors' interests 3.7 Meeting of directors 3.8 Meeting of commissioners 3.9 Conflict of interest in the company 3.10 List of management shareholdings 3.11 List of shareholdings in the family management 3.12 Internal company policies 3.13 Audit Committee 3.14 Compensation Committee 3.15 Nomination Committee 3.16 Compliance Committee 3.17 Risk management committee

	3.18 Executive Committee 3.19 Insurance Committee 3.20 Board of Directors rating system 3.21 Commissioner rating system 3.22 Board of Directors assessment intensity 3.23 Intensity of commissioner ratings 3.24 Change in members of the board of directors 3.25 Change in members of commissioners 3.26 The appointing process of directors 3.27 The appointing process of commissioners 3.28 Candidates for appointing directors 3.29 Candidates for appointing commissioners 3.30 Compensation of directors' salaries 3.31 Compensation of directors'bonus 3.32 Stock options compensation for directors 3.33 Commissioner salary compensation 3.34 Compensation of bonus commissioners 3.35 Stock options compensation for commissioners 3.36 Duties and responsibilities disclosure 3.37 Board of Directors meeting agenda 3.38 Commissioner meeting agenda 3.39 News of the meeting 3.40 Supervision of directors 3.41 Supervision of commissioners 3.42 Supervision of company performance 3.43 Company vision and mission 3.44 Training of directors and commissioners

	3.45 Intensity of training for directors and commissioners
4	Disclosures
	4.1 Availability of non-financial information 4.2 Availability of financial information 4.3 Production of financial information 4.4 Intensity of delivering performance information 4.5 Financial and non-financial information at the GMS 4.6 Risk management system 4.7 Business objectives and strategies 4.8 Cross ownership and cross debt guarantees 4.9 Assessment of business climate and risks 4.10 List of directors and commissioners 4.11 Value of compensation for directors and commissioners 4.12 Other duties of commissioners 4.13 Corporate governance practices 4.14 Claims of court cases 4.15 Disclosure of transactions with related parties 4.16 Potential conflicts of interest 4.17 Ownership of affiliated companies 4.18 Disclosure of the company's ownership structure
5	Audit
	5.1 Internal audit quality 5.2 Audit committee quality 5.3 External audit quality 5.4 Number of audit committees 5.5 Members of the independent audit committee 5.6 Audit committee meeting

	5.7 Audit committee report 5.8 Audit committee meetings and external auditors

Appendix 3.Research Data

MLIS (X1)	Corporate Governance (X2)	Family Ownership (Moderasi)	RPT (Purchase) (Y)	RPT (Sales) (Y)
0.495318956	0.794366	0.000005	10.545	0.845
0.659488831	0.794195	0.050676	90.93	8.025
0.886517038	0.847667	0	13.98	0.575
0.643326621	0.795277	0	0.145	0.05

0.787775096	0.880483	0	2.045	0.045
0.764841828	0.764631	0	2.765	13.005
0.869458083	0.660667	0	47.69	1.375
0.910406794	0.7037	0	2.505	37.5
0.525407772	0.817134	0.009435	0.96	0.13
0.56112086	0.83008	0.254249	1.26	0
0.547594011	0.777883	0	1.415	3.485
0.139727528	0.834698	0.373224	0	90.485
0.501148083	0.860243	0	40.78	7.555
0.799999987	0.864073	0	25.055	34.825
0.916553269	0.7357	0	35.495	1.24
0.7904	0.837234	0	2.36	9.925
0.48	0.818705	0.186667	14.64	4.015
0.722458332	0.794896	0.073493	0	0.350317756
0.651742263	0.686652	0	0	13.215
0.8702	0.7037	0	38.745	66.51
0.795454545	0.805771	0	25.2005	61.446
0.776723926	0.7557	0.207192	5.03	0.51
0.773308573	0.797285	0.036427	20.06	0.225
0.978130619	0.764203	0	2.43	0
0.906986594	0.7019	0	4.65	0.055
0.932171288	0.663	0	0.29	17.7705
0.700872181	0.783141	0	1.885	0
0.785749286	0.764332	0	1.36	0.1
0.930103236	0.74435	0	65.855	4.825
0.70718142	0.764121	0.001379	0.195	0
0.107166445	0.789175	0.480235	3.48	6.095
0.9515	0.799962	0.0067	1.895	0
0.81967943	0.771886	0	7.575	19.6
0.620909867	0.768293	0.10313	32.92	0.175
0.993498847	0.771894	0	0.815	0
0.8630406	0.5223	0.925	1.275	0.545
0.805329454	0.5041	0.333644	29.635	76.84
0.460982843	0.789007	0.0005	77	72.335
0.84005	0.6506	0	59.845	4.955
0.833601216	0.770413	0.060578	0	8.415
0.874175793	0.8403	0	0.197692356	0.007939394
0.672667298	0.4164	0.107212	4.67	1.25
0.021536626	0.668654	0.488725	0	34.815
0.500670833	0.5811	0.000157	6.035	10.21
0.314820074	0.787894	0.2626	0.29	0

0.753889358	0.7557	0	0	0.2688
0.568454068	0.800287	0	0	0
0.3758	0.775438	0.5257	28.245	20.75
0.629772307	0.770639	0.012968	13.27	2.035
0.109902619	0.8556	0	1.005	4.265
0.567930478	0.758238	0	0.34	0.007545128
0.81982317	0.768088	0.089286	85.525	27.375
0.878198116	0.72495	0.105693	99.035	0
0.567494946	0.8556	0	0.52	0.94
0.906195818	0.789412	0	99.39	0.5515
0.288488157	0.3754	0.001245	0.275	29.19
0.32215625	0.7557	0.162594	0.0455	0.095
0.17477941	0.775121	3.43E-06	5.46	0
0.53745641	0.78678	0.024533	0.675	8.065
0.574838157	0.796521	0	8.06	5.095
0.51	0.797756	0	0	0.5
0.998782055	0.5084	0.986304	11.195	85.4
0.86125812	0.76738	0.105	22.48	17.1
0.623310665	0.791629	0.070988	4.565	1.945
0.932620424	0.6479	0	53.66	8.285
0.44981582	0.778627	0	79.7	6.4
0.917870452	0.775166	0.234572	17.93	0.175
0.743049206	0.797223	0	36.94	15.88
0.915027613	0.752977	0	5.015	0.455
0.836821933	0.779523	0	7.1	0.525
0.932400728	0.767221	0	0.175	149.94
0.772116391	0.5789	0.252199	8.275	66.905
0.836878132	0.744732	0	620.7985	714.337
0.94055	0.763224	0	44.09	50.52
0.53846149	0.737441	0.230769	0	0
0.480410142	0.4405	0.111626	25.05	6.815
0.924771622	0.7035	0	13.985	3.94
0.70282648	0.7286	0	22.46	41.205
0.71151484	0.6576	0.047813	0	64.275
0.749981249	0.7338	0.405	11.655	0.04
0.953534659	0.7774	0.847322	0	0.1212
0.827938968	0.824926	0	0.03	13.225
0.777859088	0.7743	0	31.5	0.54
0.970457504	0.5252	0	0.1	8.5
0.982667683	0.6246	0	1.03	13.27
0.836983569	0.7275	0.059314	10.51	5.865

0.79698279	0.75477	0.111602	0.458650459	0
0.480740027	0.78103	0.353831	0	0.075
0.549112827	0.731	0.19278	0	0.6566
0.994297251	0.744557	0	3.615	0.13
0.85441714	0.7316	0	9.49	88.34
0.501737056	0.789336	0.255009	2.725	0
0.928361383	0.742412	0	5.408	0
0.5448	0.7208	0	12.075	92.85
0.7867	0.7079	0	0.27	0.02
0.443729211	0.742834	0.428107	85.25	0
0.912044961	0.768468	0	0.05	23.4

1	2	3	4	5	Total CG
0.181176	0.139286	0.194043	0.171111	0.10875	0.794366
0.181176	0.128571	0.206809	0.168889	0.10875	0.794195
0.183529	0.139286	0.219574	0.177778	0.1275	0.847667
0.148235	0.132857	0.220851	0.173333	0.12	0.795277
0.178824	0.145714	0.238723	0.182222	0.135	0.880483
0.183529	0.132857	0.215745	0.1125	0.12	0.764631
0.141176	0.094	0.190213	0.137778	0.0975	0.660667
0.1859	0.0964	0.1672	0.1267	0.1275	0.7037

0.178824	0.137143	0.209362	0.175556	0.11625	0.817134
0.183529	0.132857	0.210638	0.175556	0.1275	0.83008
0.164706	0.124286	0.206809	0.173333	0.10875	0.777883
0.174118	0.139286	0.222128	0.186667	0.1125	0.834698
0.190588	0.139286	0.231064	0.175556	0.12375	0.860243
0.190588	0.139286	0.234894	0.175556	0.12375	0.864073
0.1341	0.1179	0.2438	0.1311	0.1088	0.7357
0.181176	0.132857	0.233617	0.173333	0.11625	0.837234
0.183529	0.126429	0.213191	0.175556	0.12	0.818705
0.183529	0.124286	0.213191	0.168889	0.105	0.794896
0.181176	0.010519	0.197872	0.173333	0.12375	0.686652
0.1859	0.0964	0.1672	0.1267	0.1275	0.7037
0.178824	0.132857	0.202979	0.171111	0.12	0.805771
0.1765	0.1179	0.1736	0.1489	0.1388	0.7557
0.181176	0.124286	0.220851	0.162222	0.10875	0.797285
0.167059	0.130714	0.195319	0.151111	0.12	0.764203
0.1576	0.1071	0.1711	0.1311	0.135	0.7019
0.1812	0.0536	0.1391	0.1578	0.1313	0.663
0.185882	0.126429	0.213191	0.148889	0.10875	0.783141
0.152941	0.130714	0.199149	0.157778	0.12375	0.764332
0.183529	0.115714	0.185106	0.14	0.12	0.74435
0.171765	0.124286	0.194043	0.157778	0.11625	0.764121
0.178824	0.135	0.190213	0.168889	0.11625	0.789175
0.169412	0.139286	0.194043	0.162222	0.135	0.799962
0.162353	0.132857	0.200426	0.16	0.11625	0.771886
0.162353	0.135	0.185106	0.173333	0.1125	0.768293
0.167059	0.137143	0.182553	0.168889	0.11625	0.771894
0.1341	0.0321	0.1162	0.1311	0.1088	0.5223
0.0941	0.0643	0.1047	0.1022	0.1388	0.5041
0.157647	0.137143	0.215745	0.162222	0.11625	0.789007
0.1647	0.0429	0.1711	0.1556	0.1163	0.6506
0.150588	0.130714	0.210638	0.162222	0.11625	0.770413
0.1882	0.1393	0.1851	0.1889	0.1388	0.8403
0.0988	0.0214	0.0766	0.1333	0.0863	0.4164
0.157647	0.132857	0.107872	0.157778	0.1125	0.668654
0.0588	0.1179	0.1302	0.1467	0.1275	0.5811
0.16	0.126429	0.217021	0.164444	0.12	0.787894
0.1765	0.1179	0.1736	0.1489	0.1388	0.7557
0.162353	0.135	0.220851	0.173333	0.10875	0.800287
0.134118	0.132857	0.219574	0.168889	0.12	0.775438
0.16	0.122143	0.214468	0.157778	0.11625	0.770639

0.1882	0.1393	0.2004	0.1889	0.1388	0.8556
0.148235	0.135	0.206809	0.144444	0.12375	0.758238
0.145882	0.126429	0.210638	0.168889	0.11625	0.768088
0.150588	0.122143	0.213191	0.137778	0.10125	0.72495
0.1882	0.1393	0.2004	0.1889	0.1388	0.8556
0.171765	0.132857	0.196596	0.164444	0.12375	0.789412
0.0588	0.0321	0.0945	0.1	0.09	0.3754
0.1882	0.1179	0.1966	0.1667	0.0863	0.7557
0.181176	0.130714	0.201702	0.137778	0.12375	0.775121
0.162353	0.124286	0.206809	0.173333	0.12	0.78678
0.185882	0.122143	0.214468	0.157778	0.11625	0.796521
0.167059	0.1475	0.206809	0.148889	0.1275	0.797756
0.1176	0.0536	0.1226	0.1133	0.1013	0.5084
0.155294	0.132857	0.202979	0.16	0.11625	0.76738
0.169412	0.124286	0.194043	0.168889	0.135	0.791629
0.1647	0.1071	0.143	0.1356	0.0975	0.6479
0.181176	0.122143	0.208085	0.162222	0.105	0.778627
0.181176	0.137143	0.195319	0.137778	0.12375	0.775166
0.183529	0.132857	0.206809	0.157778	0.11625	0.797223
0.171765	0.124286	0.199149	0.137778	0.12	0.752977
0.174118	0.124286	0.200426	0.164444	0.11625	0.779523
0.162353	0.126429	0.185106	0.173333	0.12	0.767221
0.1765	0.0643	0.1162	0.1244	0.0975	0.5789
0.169412	0.126429	0.206809	0.133333	0.10875	0.744732
0.157647	0.124286	0.195319	0.162222	0.12375	0.763224
0.171765	0.12	0.199149	0.137778	0.10875	0.737441
0.0824	0.0536	0.0996	0.1111	0.0938	0.4405
0.1765	0.1071	0.1494	0.1467	0.1238	0.7035
0.1835	0.1179	0.1353	0.1644	0.1275	0.7286
0.0729	0.1286	0.203	0.1556	0.0975	0.6576
0.148235	0.12	0.200426	0.148889	0.11625	0.7338
0.162353	0.132857	0.185106	0.173333	0.12375	0.7774
0.174118	0.168571	0.194043	0.164444	0.12375	0.824926
0.1835	0.1393	0.1774	0.1578	0.1163	0.7743
0.16	0.075	0.0791	0.0911	0.12	0.5252
0.0941	0.075	0.1277	0.1778	0.15	0.6246
0.1788	0.0857	0.18	0.1667	0.1163	0.7275
0.178824	0.141429	0.190213	0.135556	0.10875	0.75477
0.185882	0.135	0.200426	0.162222	0.0975	0.78103
0.1482	0.1393	0.1813	0.1422	0.12	0.731
0.162353	0.132857	0.195319	0.137778	0.11625	0.744557

0.1835	0.1179	0.1417	0.1422	0.1463	0.7316
0.169412	0.124286	0.210638	0.18	0.105	0.789336
0.174118	0.117857	0.18766	0.157778	0.105	0.742412
0.1765	0.075	0.1966	0.1489	0.1238	0.7208
0.1647	0.1393	0.1226	0.18	0.1013	0.7079
0.167059	0.126429	0.195319	0.137778	0.11625	0.742834
0.178824	0.132857	0.199149	0.148889	0.10875	0.768468

Appendix 4. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1	97	.0215	.9988	.697298	.2256530
X2	97	.3754	.8805	.740639	.0951681
X3	97	.0000	.9863	.098714	.1958890
RPP	97	.0000	6.4326	1.848373	1.5644120
RPS	97	.0000	6.5728	1.631720	1.6317744
Valid N (listwise)	97				

Appendix 5. Result of Multiple Regression

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	X2, X1[a]	.	Enter
2	X2X3, X1X3[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: RPP

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.581[a]	.338	.324	1.2863945	
2	.600[b]	.360	.332	1.2787432	1.691

a. Predictors: (Constant), X2, X1

b. Predictors: (Constant), X2, X1, X2X3, X1X3

c. Dependent Variable: RPP

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79.396	2	39.698	23.990	.000[a]
	Residual	155.552	94	1.655		
	Total	234.948	96			
2	Regression	84.512	4	21.128	12.921	.000[b]
	Residual	150.437	92	1.635		
	Total	234.948	96			

a. Predictors: (Constant), X2, X1

b. Predictors: (Constant), X2, X1, X2X3, X1X3

c. Dependent Variable: RPP

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	6.762	1.037		6.520	.000
	X1	-3.363	.607	-.485	-5.539	.000
	X2	-3.447	1.440	-.210	-2.393	.019
2	(Constant)	6.922	1.043		6.636	.000
	X1	-2.746	.699	-.396	-3.928	.000
	X2	-4.258	1.504	-.259	-2.832	.006
	X1X3	-4.583	2.604	-.442	-1.760	.082
	X2X3	4.481	2.810	.393	1.595	.114

a. Dependent Variable: RPP

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	X2, X1[a]	.	Enter
2	X2X3, X1X3[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: RPS

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.544[a]	.296	.281	1.3834073	
2	.547[b]	.299	.268	1.3957387	1.979

a. Predictors: (Constant), X2, X1

b. Predictors: (Constant), X2, X1, X2X3, X1X3

c. Dependent Variable: RPS

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	75.720	2	37.860	19.782	.000[a]
	Residual	179.899	94	1.914		
	Total	255.619	96			
2	Regression	76.395	4	19.099	9.804	.000[b]
	Residual	179.224	92	1.948		
	Total	255.619	96			

a. Predictors: (Constant), X2, X1

b. Predictors: (Constant), X2, X1, X2X3, X1X3

c. Dependent Variable: RPS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.915	1.115		6.200	.000
	X1	-3.018	.653	-.418	-4.623	.000
	X2	-4.273	1.549	-.249	-2.759	.007
2	(Constant)	7.016	1.138		6.163	.000
	X1	-2.894	.763	-.400	-3.794	.000
	X2	-4.485	1.641	-.262	-2.733	.008
	X1X3	-.971	2.843	-.090	-.342	.733
	X2X3	.487	3.067	.041	.159	.874

a. Dependent Variable: RPS

Appendix 6. Result of Classic Assumption

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.581[a]	.338	.324	1.2863945	
2	.600[b]	.360	.332	1.2787432	1.691

a. Predictors: (Constant), X2, X1

b. Predictors: (Constant), X2, X1, X2X3, X1X3

c. Dependent Variable: RPP

Coefficients[a]

Model		Collinearity Statistics Tolerance	VIF
1	X1	.918	1.090
	X2	.918	1.090
2	X1	.684	1.462
	X2	.832	1.202
	X1X3	.110	9.055
	X2X3	.115	8.714

a. Dependent Variable: RPP

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.544[a]	.296	.281	1.3834073	
2	.547[b]	.299	.268	1.3957387	1.979

a. Predictors: (Constant), X2, X1

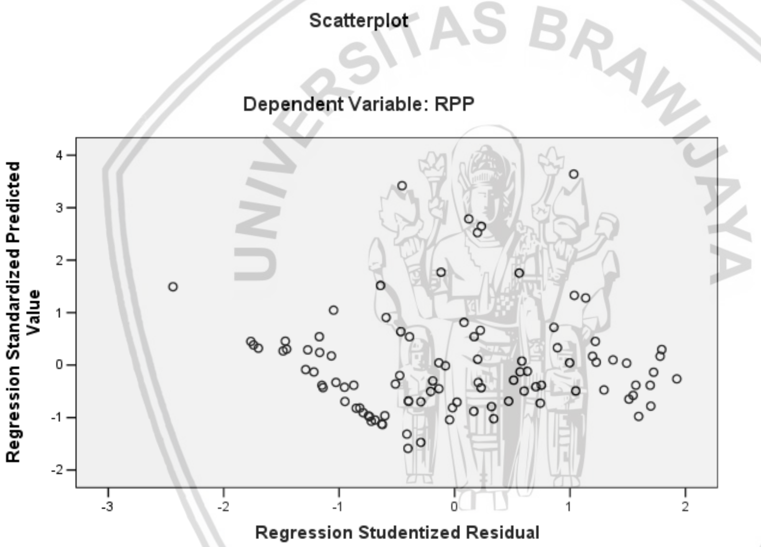
b. Predictors: (Constant), X2, X1, X2X3, X1X3

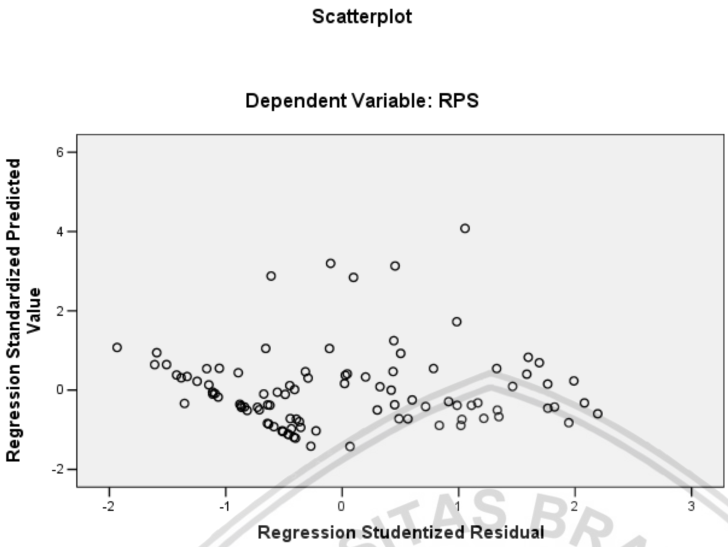
c. Dependent Variable: RPS

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	X1	.918	1.090
	X2	.918	1.090
2	X1	.684	1.462
	X2	.832	1.202
	X1X3	.110	9.055
	X2X3	.115	8.714

a. Dependent Variable: RPS




Scatterplot
Dependent Variable: RPS
Regression Standardized Predicted Value
Regression Studentized Residual
6
4
2
0
-2
-2
-1
0
1
2
3